

USPS-RM2014-6/1
Public Material Relating To Proposal Six

I. PREFACE

A. Purpose and Content

The purpose of USPS-RM2014-6/1 is to document Proposal Six, a proposed method change that would update the variabilites applied to purchased highway transportation in cost segment 14.

B. Predecessor Documents

Docket No. R2000-1, testimony of Michael D. Bradley, USPS-T-18.

C. Corresponding Non-Public or Public Document

The corresponding non-public material is found in Docket No. USPS-RM2014-6/NP3

D. Methodology Changes

Since this proposal is merely an update to work done in Docket No. R2000-1, the methods used are very similar. A complete explanation of the methods used is located in the accompanying report (Rpt.Updat.PHT.Cost.Cap.Variab.docx) and the technical appendix (Tech.Append.Hwy.Variab.Updat.docx), both found in the zip file in this folder.

E. Inputs/Outputs

Inputs:

The input file is a SAS dataset (tcss_fy13.sas7bat) that contains the pertinent information about the current highway contract structure to update the purchased highway transportation variabilities.

Outputs

The output is the resulting updated variabilities. They are located in the Excel workbook – Effects.Updat.Hwy.Variab.Pub.xlsx, tab Calculating Group Variabilities.

II. ORGANIZATION

The accompanying zip file named Prop.Six.Updat.Hwy.Variab.zip contains eight files. The table on the next page lists the name, type, and purpose of each file. The files are listed alphabetically.

Prop.Six.Updat.Hwy.Variab.zip

Name	Type	Purpose
CS14P_FY13_Filed	Excel	This file is the public version of CS14 that was filed with the 2013 ACR and is included for comparison purposes.
CS14P_FY13_Filed_Updat_Variab	Excel	This file applies the updated variabilities to the FY13 costs. The worksheets impacted by the updated variabilities are highlighted in red.
Effects.Updat.Hwy.Variab.Pub	Excel	This workbook contains three tabs. The first tab (from left to right) named 'Calculating Group Variabilities' illustrates the calculations necessary to calculate the updated variabilities from the econometric analysis.. The second tab named 'New and Old CRA Vars by Quarter' compares the updated and existing variabilities. The third tab named 'Change in VV Costs' displays the FY13 cost impacts on all products when the new variabilities are applied. That table is also displayed on the following page of this preface. The impact is found by calculating the difference in the product costs using the current and proposed variabilities. Mechanically, this is done by subtracting the corresponding values in tab 'Outputs to CRA' from the original and updated workbooks.
Est.IntePDC.Clust.Area.NDC.Variab	SAS Program	This program calculates the updated variabilities for many of the contract types. The log for the program is contained in the technical appendix.
Est.Intr.PNDC.Dist.Variab	SAS Program	This program calculates the updated variabilities for the remaining contract types. The log for the program is contained in the technical appendix.
Rpt.Updat.PHT.Cost.Cap.Variab	Word	This document describes and justifies the methods used to calculate the updated variabilities.
tcss_fy13.sas7bdat	SAS dataset	This is the raw data that contains the pertinent information regarding the current highway contracts.
Tech.Append.Hwy.Variab.Updat	Word	This document contains the logs and outputs of the SAS programs used to compute the updated variabilities.